

June Quarter 2015 Results



Disclaimer



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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

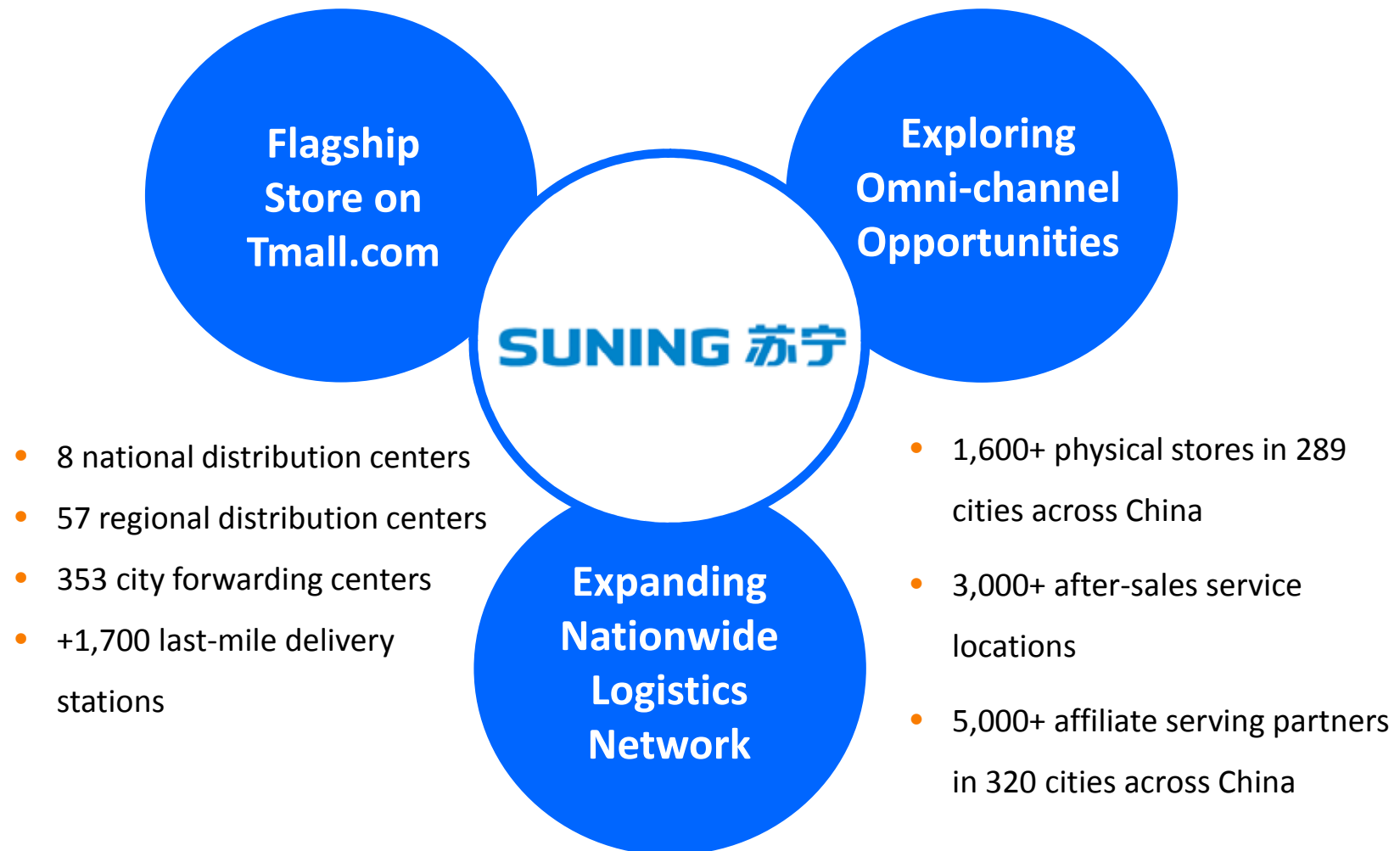
June Quarter 2015 Business Highlights & Strategic Updates

Strategic Updates

- **Recent M&A**
- **Mobile Monetization**
- **Logistics**
- **Cloud Computing**
- **International Operations**
- **Mobile Internet Services**
- **Local Services**
- **Customer Experience**

Strategic Investment in Suning

Builds on Synergies in Ecommerce, Logistics & Omni-channel Initiatives



Unrival Mobile Leadership

Frequency of Use



US\$ 60Bn
Mobile GMV ⁽¹⁾



125% YoY
Mobile GMV Growth

Big Data



Mobile Store Management

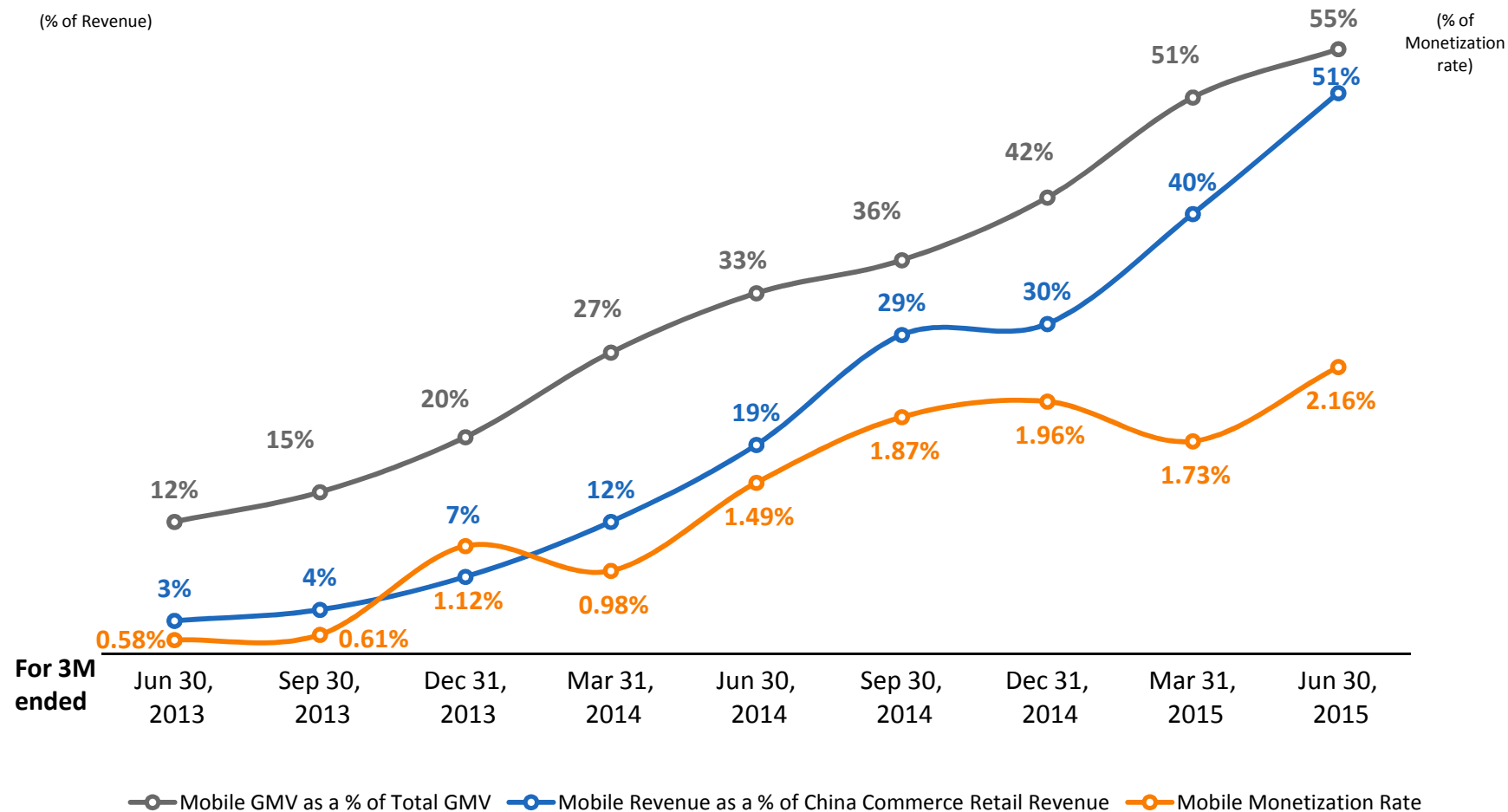


Note: Unless otherwise indicated, all figures above are for the three months ended June 30, 2015.

(1) Assumes 1 US\$ = 6.200 RMB.

Mobile Revenue Follows Mobile GMV

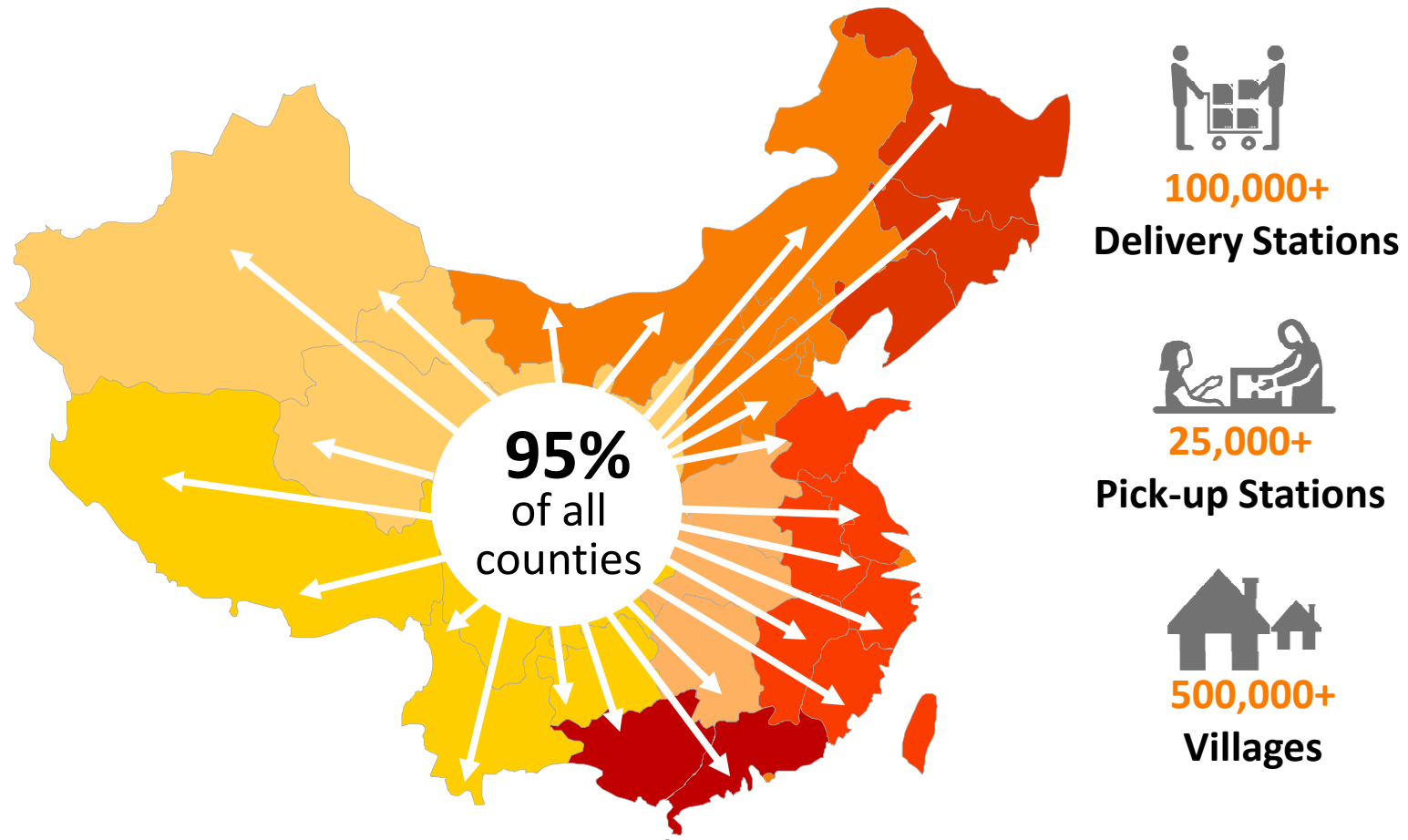
Quarterly Penetration of Mobile Revenue and Mobile GMV (China Commerce Retail)



Largest Logistics Service Ecosystem



Delivery Network with Unrivalled Scale



Largest Logistics Service Ecosystem



Service Quality
& Customer Satisfaction



Next-day
Delivery



Same-day
Grocery Delivery



CAINIAO 菜鸟网络

Strategic Logistics Partners

SUNING 苏宁

Home Appliances

RRS.com 日日顺

White Goods

Singapore
POST

Cross-border

YTO 圆通速递
EXPRESS

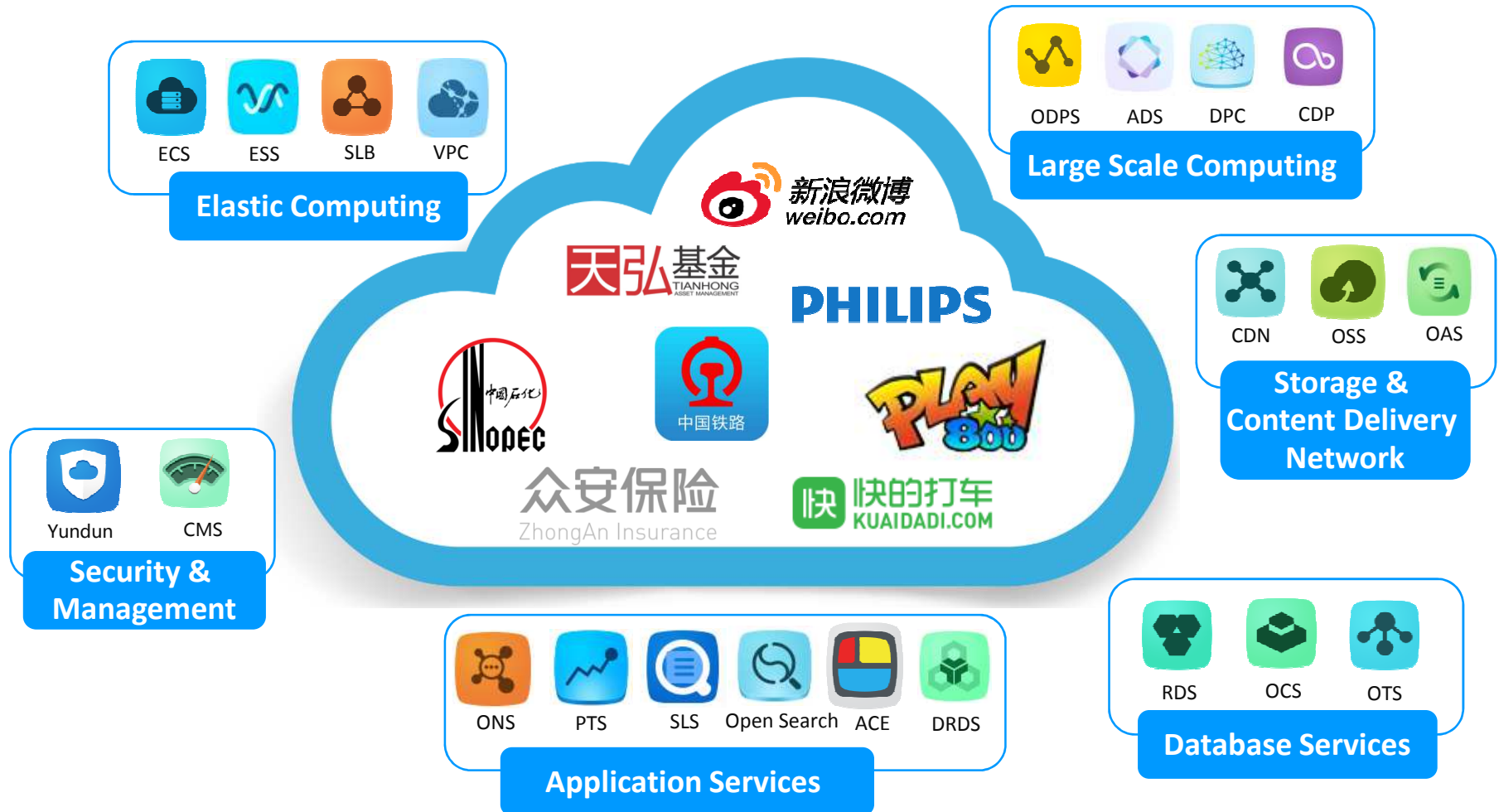
Domestic
Last-mile

China's Leading Cloud Computing Service Provider

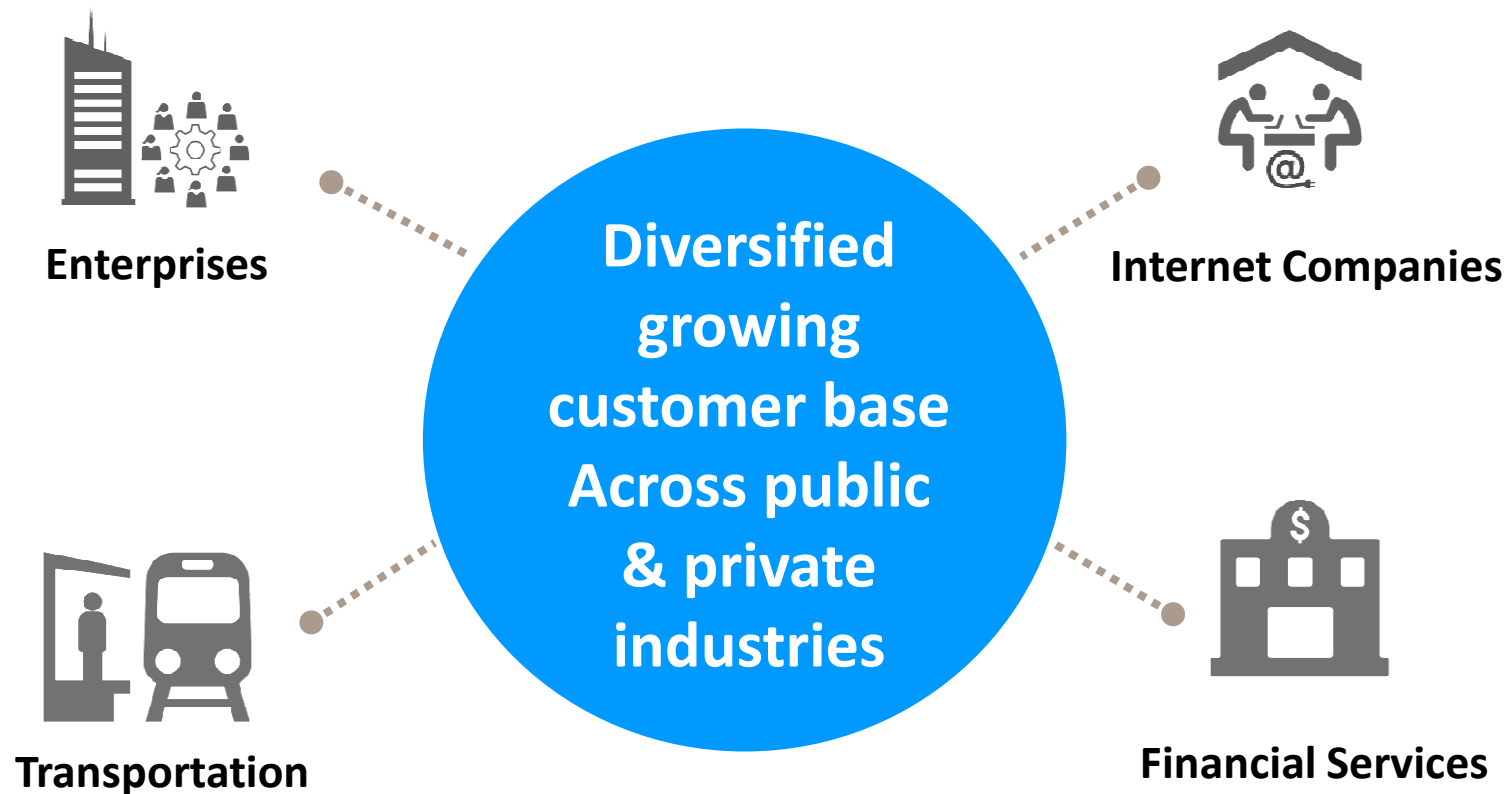


Most Comprehensive Service Offering in China

Trusted Cloud Partner for Mission-Critical Workloads

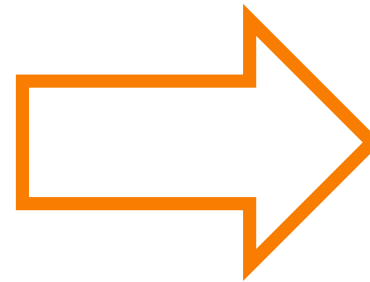


China's Leading Cloud Computing Service Provider



International: Cross Border Business

天猫国际 Tmall Global



- Largest Chinese consumer audience
- Data analytics to enable brands to directly engage customers
- End-to-end logistical service offering

Country Pavilions:



Australia



British



France



Malaysia



New Zealand



Spain



Singapore



South Korea



Switzerland



United States



Thailand

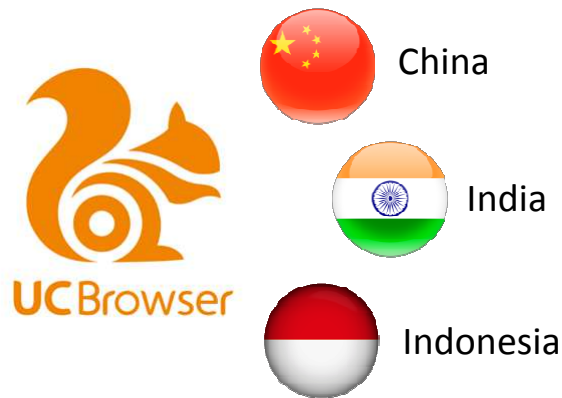


Turkey



Leading Mobile Browser in Developing Markets

No. 1 Mobile Browser⁽¹⁾



Mobile Ecosystem

- Mobile Search
- Apps Distribution
- Game Communities



 **330+MM**
MAUs⁽²⁾

(1) No. 1 mobile browser in China according to iResearch, and the most popular third-party mobile browser in India and Indonesia according to StatCounter
(2) Global basis for the month ended Jun 30, 2015.

Foray into the Huge Local Services Market with Strategic JV



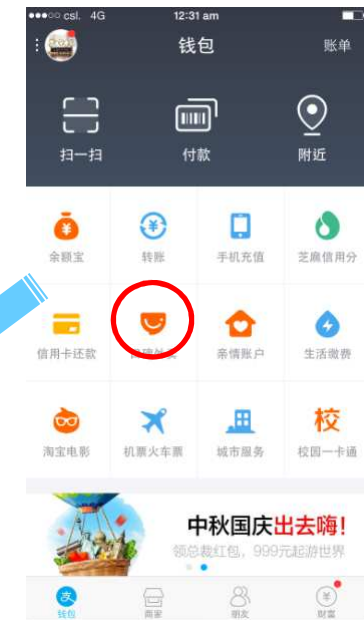
307MM

Mobile MAUs ⁽¹⁾



~400MM

Alipay Active Users ⁽²⁾



Projected O2O penetration of local services market in China:
> RMB 300bn in GMV in 2015 ⁽³⁾

(1) For the month ended June 30, 2015; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

(2) Annual active users for the twelve months ended June 30, 2015; 80% are mobile users.

(3) Source: iResearch Report.

GMV

Quarterly GMV (China Commerce Retail)

(RMB Bn)

YoY
Growth

65%

64%

53%

46%

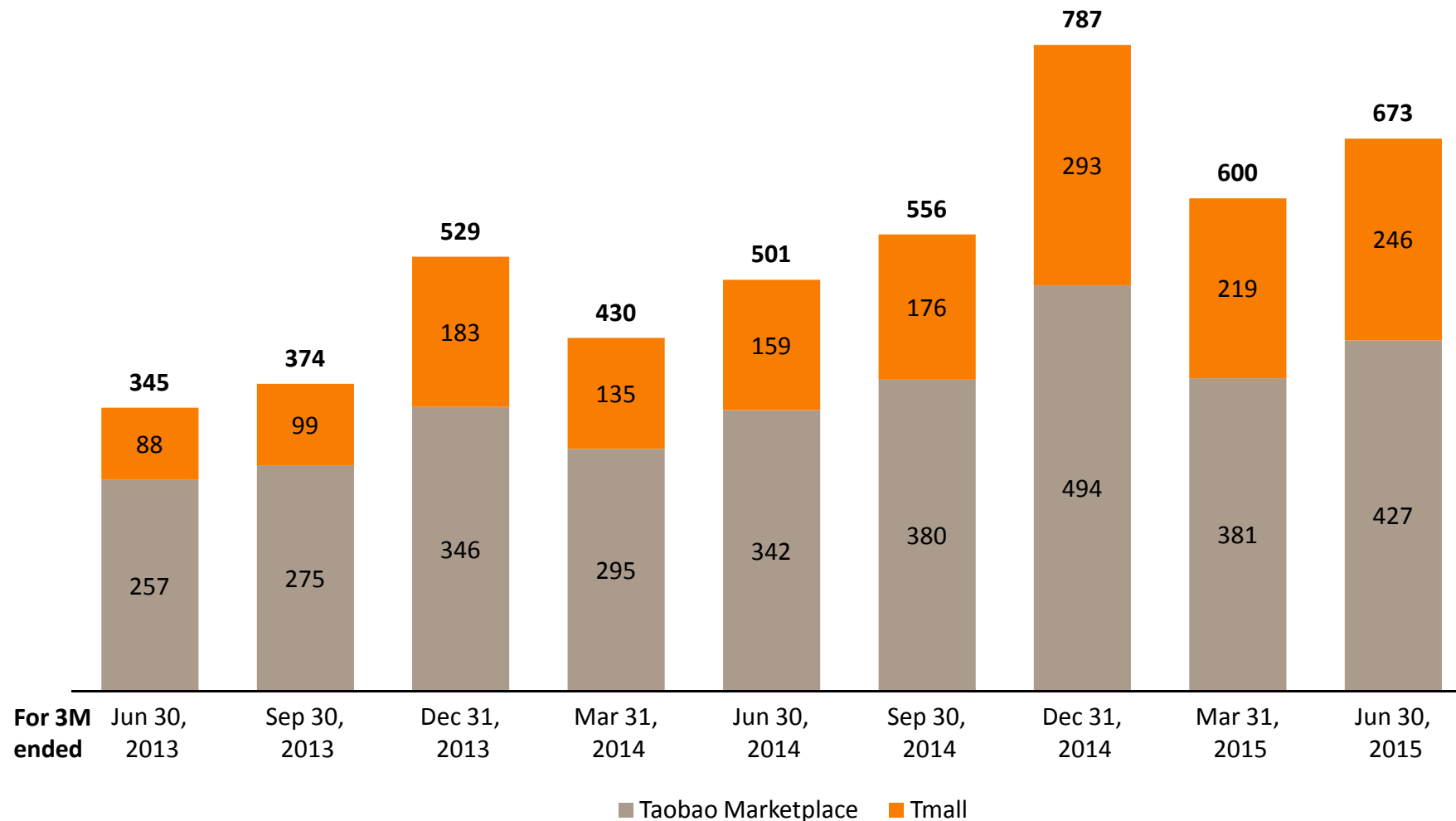
45%

49%

49%

40%

34%

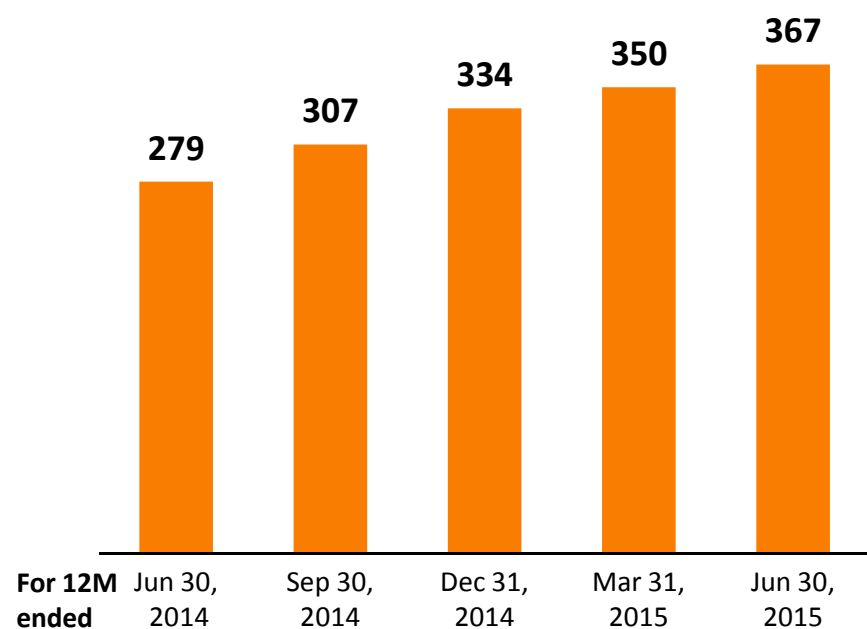


Active Buyers & Mobile MAUs

Annual Active Buyers

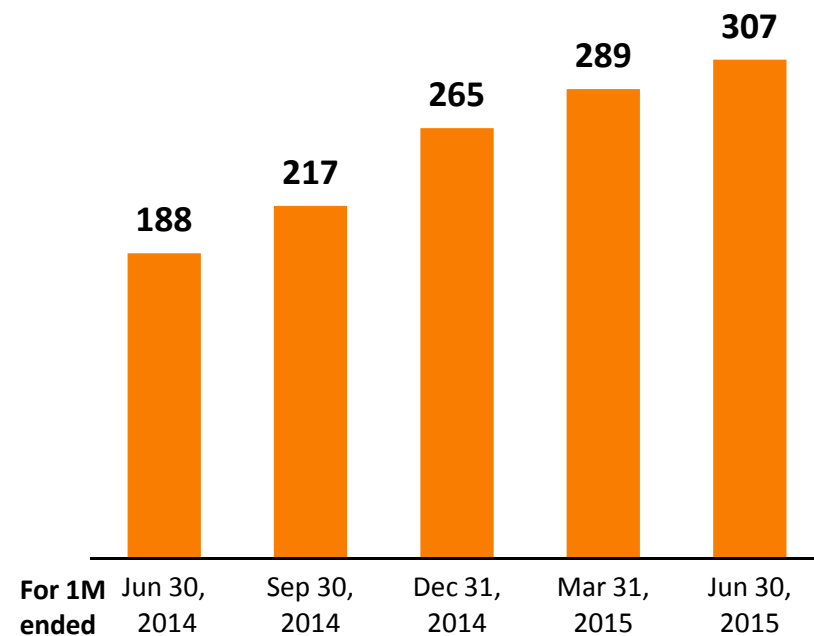
(In Millions)

	FY2013	FY2014	FY2015
Orders per Active Buyer	42	50	58
Active Buyers	172MM	255MM	350MM



Mobile MAUs

(In Millions)

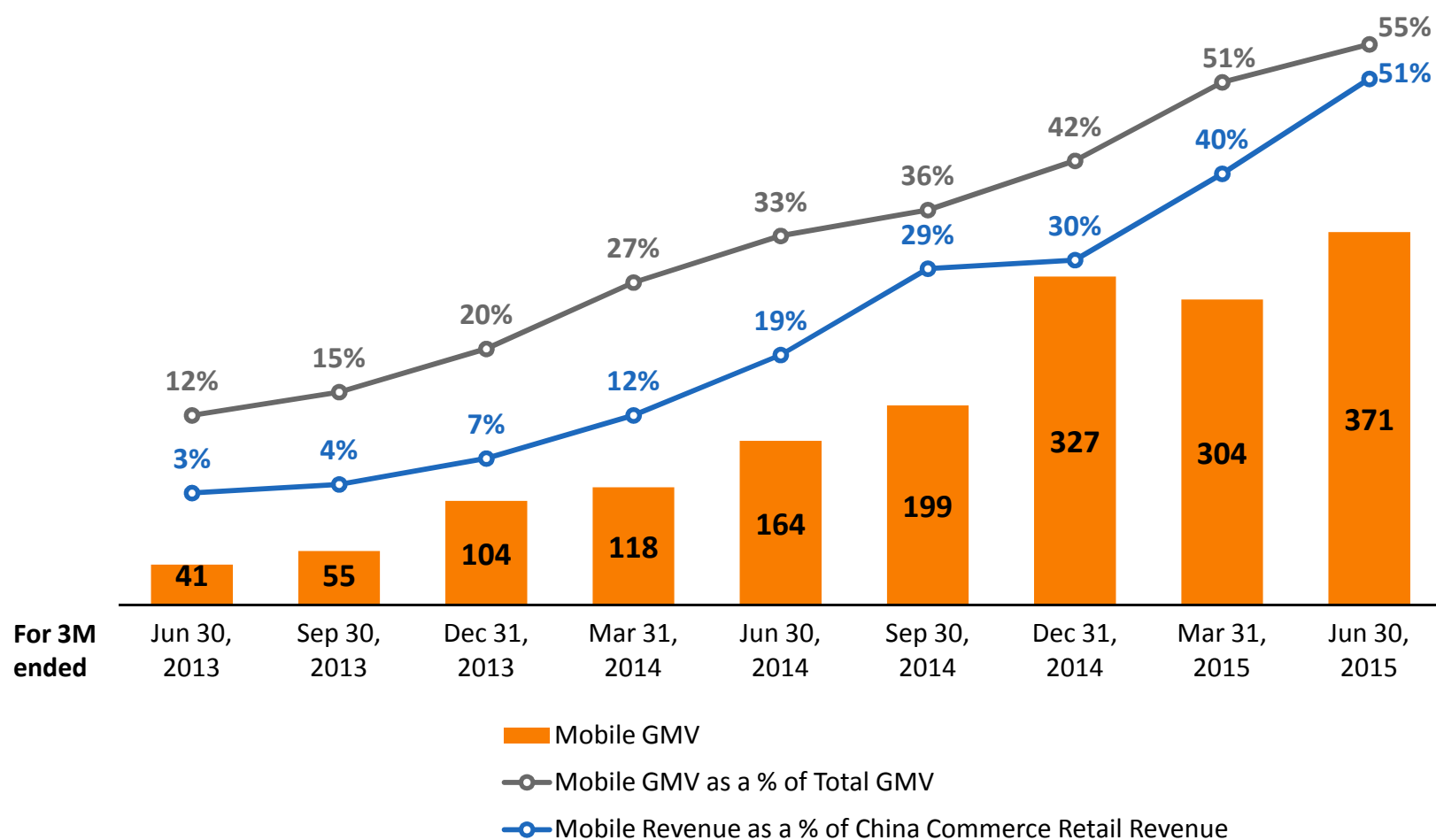


Mobile GMV & Revenue Contribution

Quarterly Mobile GMV, Mobile Revenue and Mobile Penetration (China Commerce Retail)

(RMB Bn)

(%)



June Quarter 2015 Financial Review

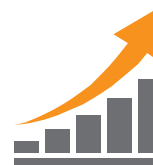
June Quarter 2015 Highlights



34%
YoY GMV
Growth



367MM
Annual
Active Buyers ⁽²⁾



28%
YoY Revenue
Growth



US\$1.54Bn
Free Cash Flow ⁽¹⁾



US\$ 60Bn
Mobile GMV ⁽¹⁾
55% of China
Commerce Retail
GMV



51%
Mobile Revenue as
a % of China
Commerce Retail
Revenue



307MM
Mobile MAUs ⁽³⁾

Note: Unless otherwise indicated, all figures above are for the three months ended June 30, 2015.

(1) Assumes 1 US\$ = 6.200 RMB.

(2) For the twelve months ended June 30, 2015.

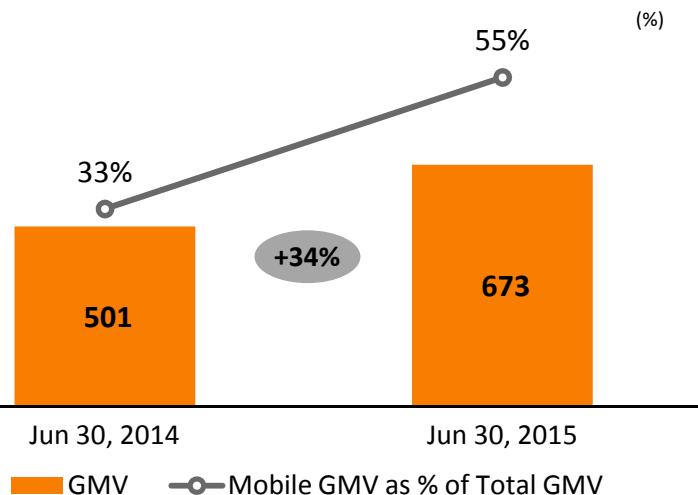
(3) For the month ended June 30, 2015; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

June Quarter 2015 Financial Highlights



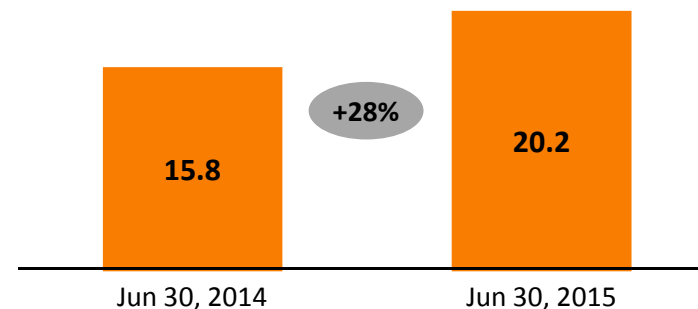
GMV and Mobile Penetration

(RMB Bn)



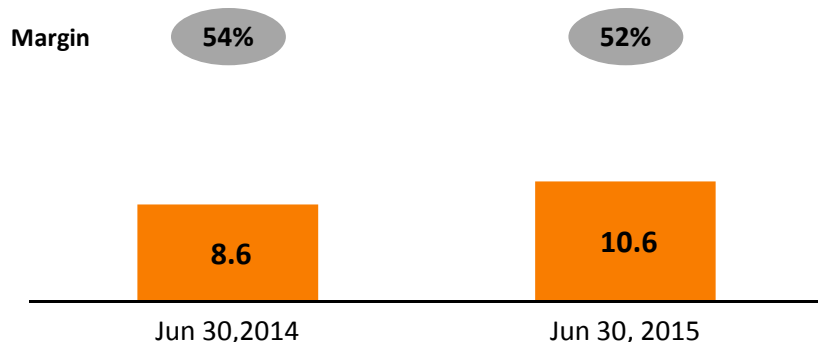
Revenue

(RMB Bn)



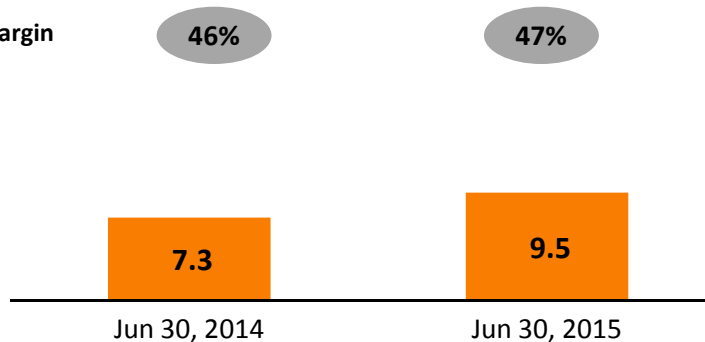
Non-GAAP EBITDA ⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income ⁽²⁾ and Margin

(RMB Bn)



Note: For the three months ended on the respective dates.

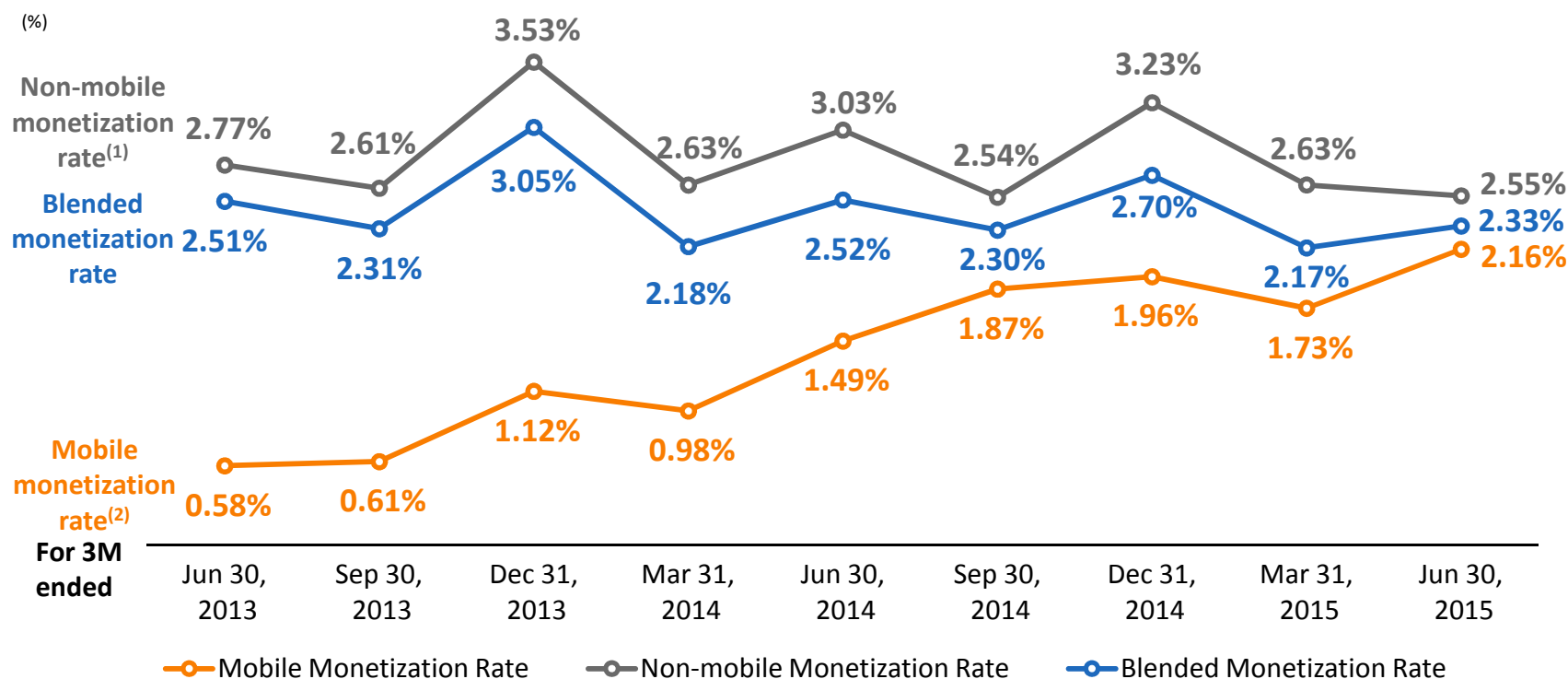
- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation that we do not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill, intangible assets and investments, gain on deemed disposals/disposals/revaluation of investments and amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial.

Quarterly Monetization Rate Trends

We manage the business for growth in GMV and active buyers, not for monetization rate

- Mobile monetization rate increased significantly to 2.16%
- Blended monetization rate
 - Decreased Y/Y due to: 1) the higher % of total GMV contributed by mobile GMV, which has a lower monetization rate compared to the non-mobile monetization rate, and 2) a decrease in non-mobile monetization rate, partially offset by the Y/Y increase in mobile monetization rate
 - Reflected the negative impact of 1) the decrease in commission revenue as a result of the suspension of the online lottery business in late Feb 2015, and 2) the decrease in the pricing charged on Juhuasuan

Quarterly Monetization Rate (China Commerce Retail)



Notes:

(1) Derived from China commerce retail non-mobile revenue / non-mobile GMV.

(2) Derived from China commerce retail mobile revenue / mobile GMV.

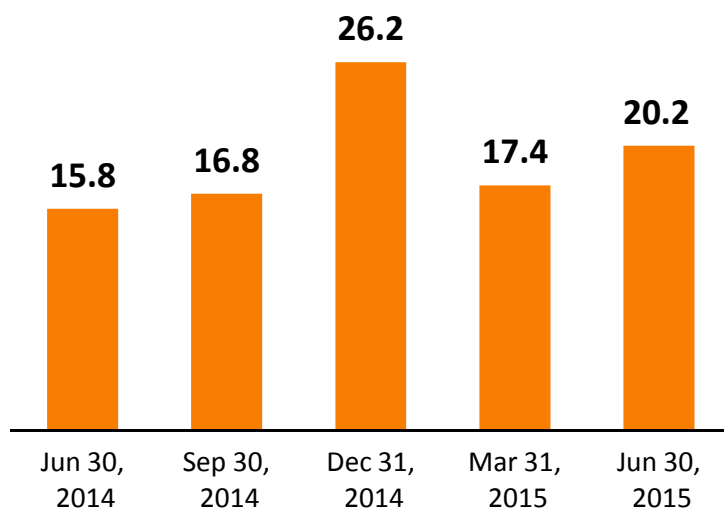
Quarterly Revenue

The lower YoY revenue growth was mainly a result of:

1. suspension of online lottery business in late February 2015
2. a reduction of revenue from the SME loan business because we transferred the business to Ant Financial in Feb 2015
3. merchant acquisition through reduction in the pricing charged on Juhuasuan

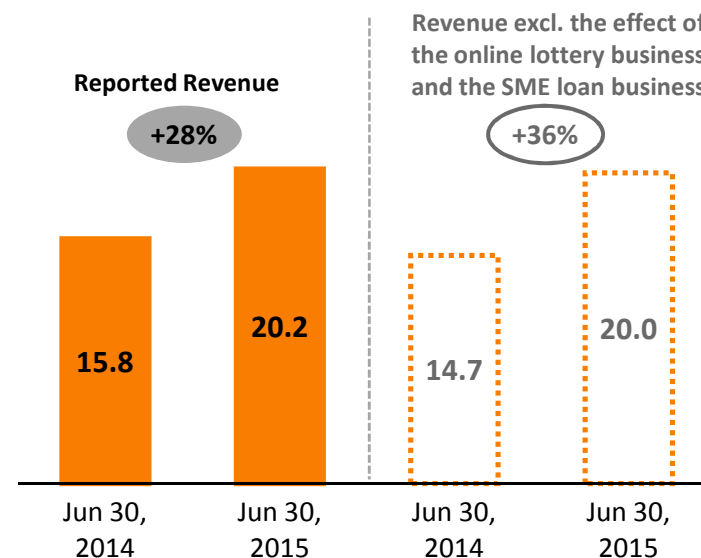
Total Revenue

(RMB Bn)



Revenue Growth

(RMB Bn)

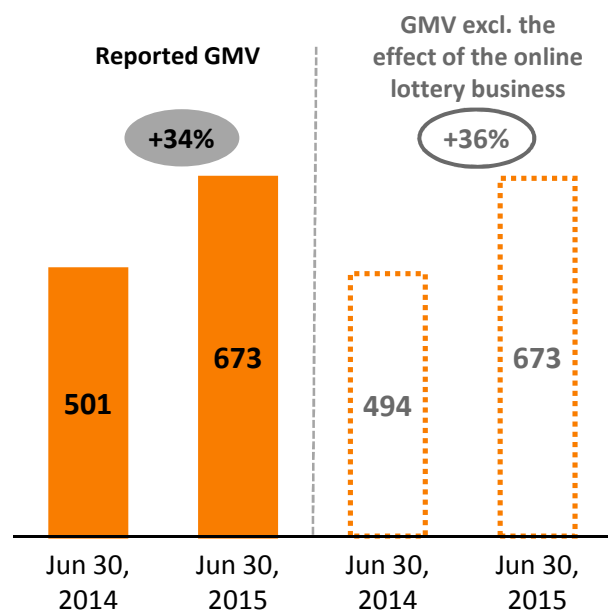


Note: For the three months ended on the respective dates.

Impact from Online Lottery Sales Suspension

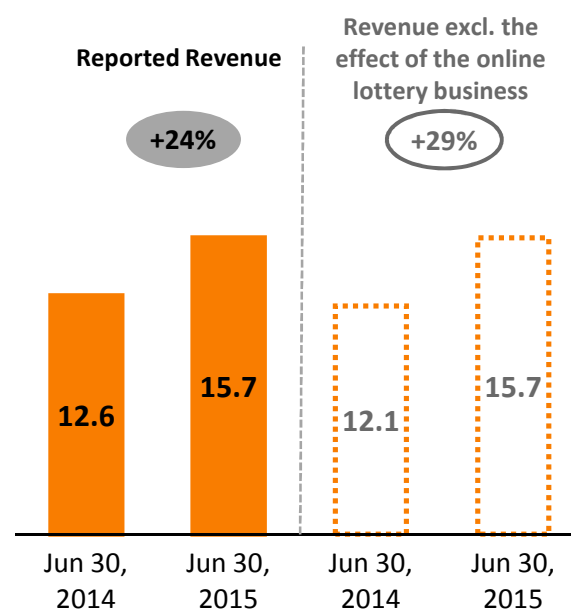
GMV

(RMB Bn)



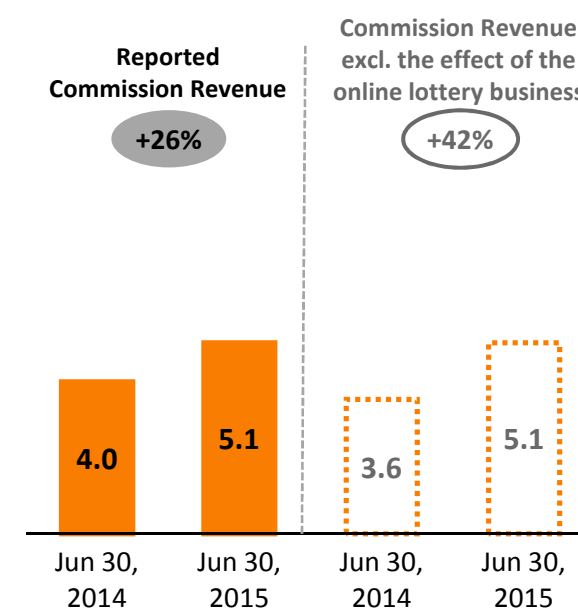
China Commerce Retail Revenue

(RMB Bn)



Commission Revenue

(RMB Bn)

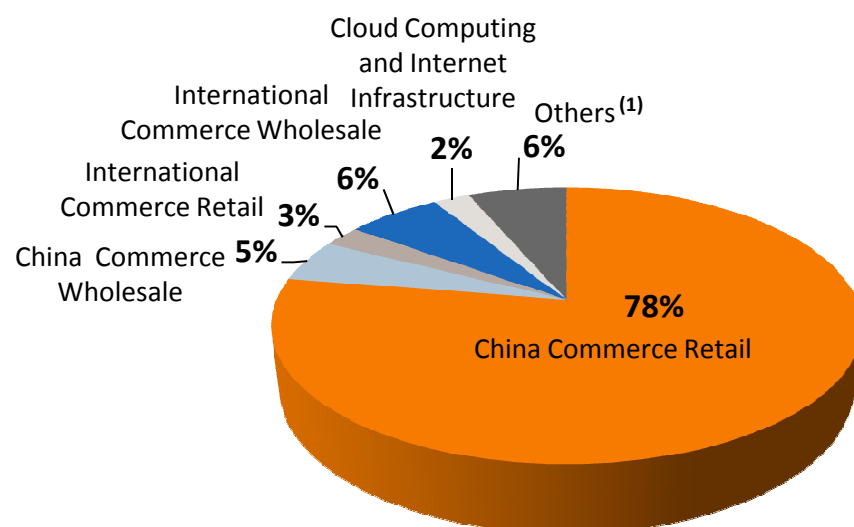


Note: For the three months ended on the respective dates.

Quarterly Revenue Breakdown

Revenue Breakdown by Businesses

(% of Total Revenue)

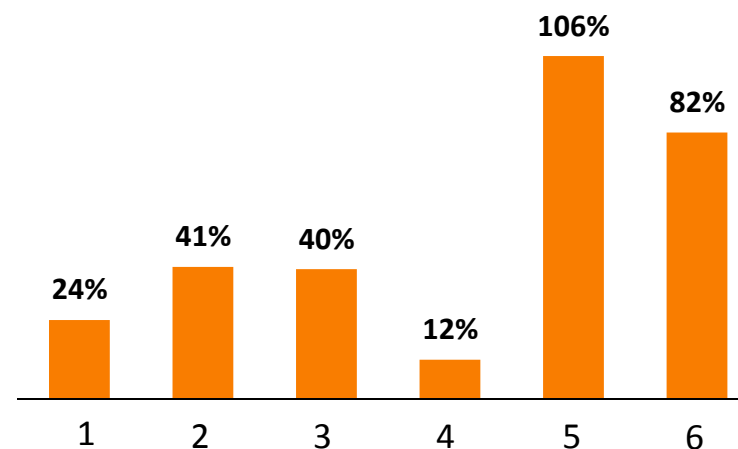


For three months ended Jun 30, 2015

(1) Other revenue mainly represents the mobile Internet services revenue generated from UCWeb and AutoNavi.

Revenue Growth of Major Businesses

(YoY growth %)



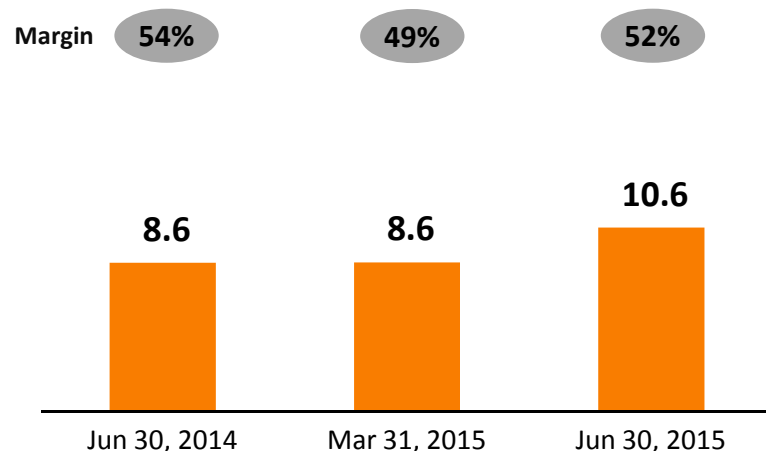
1. China Commerce Retail
2. China Commerce Wholesale
3. International Commerce Retail
4. International Commerce Wholesale
5. Cloud Computing and Internet Infrastructure
6. Others

Quarterly Margin Trends

- We don't manage to a margin target
- Lower Y/Y non-GAAP EBITDA margin was due to:
 - Consolidation of acquired businesses (mainly UCWeb, AutoNavi) with lower margins
 - Investment in new business initiatives such as over-the-top TV services and local services
 - Will continue to invest in new and existing businesses to drive long-term growth in GMV, new active buyers, revenue and profit

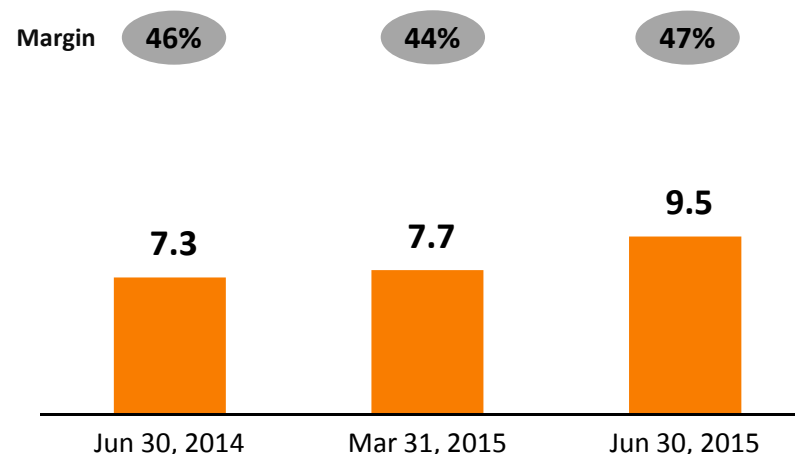
Non-GAAP EBITDA⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income⁽²⁾ and Margin

(RMB Bn)



Note: For the three months ended on the respective dates.

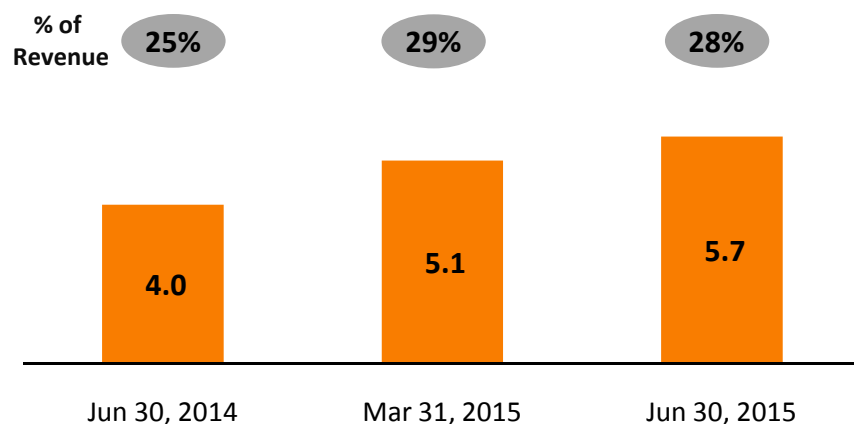
(1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation that Alibaba Group does not believe are reflective of its core operating performance during the periods presented.

(2) Non-GAAP net income represents net income before share-based compensation expense, amortization of intangible assets, impairment of goodwill, intangible assets and investments, gain on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial.

Quarterly Cost Trends

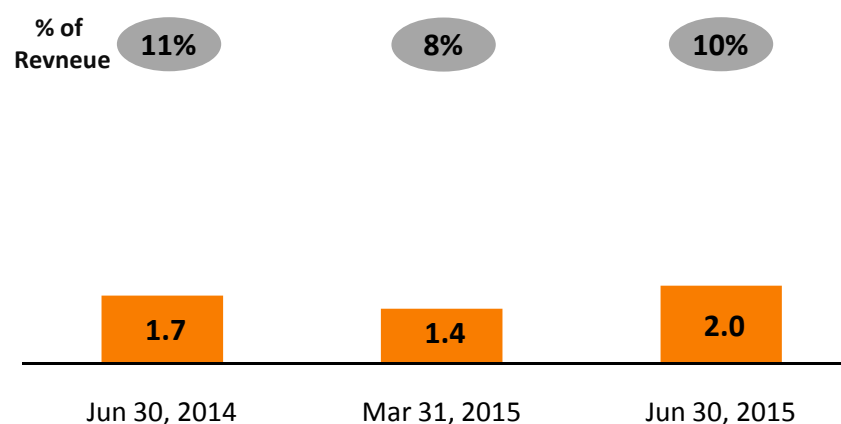
Cost of Revenue (Pre-SBC)

(RMB Bn)



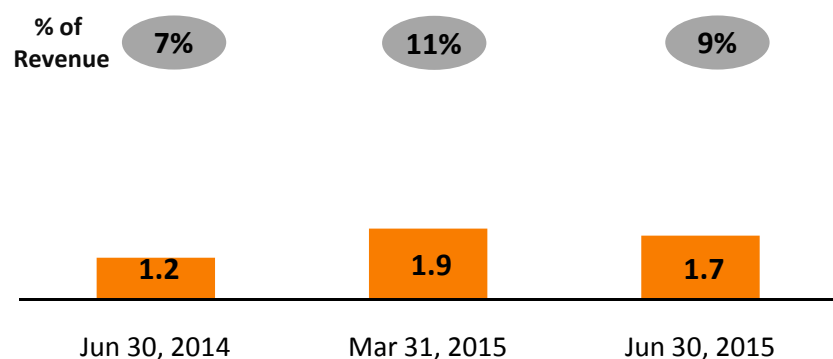
Product Development Expenses (Pre-SBC)

(RMB Bn)



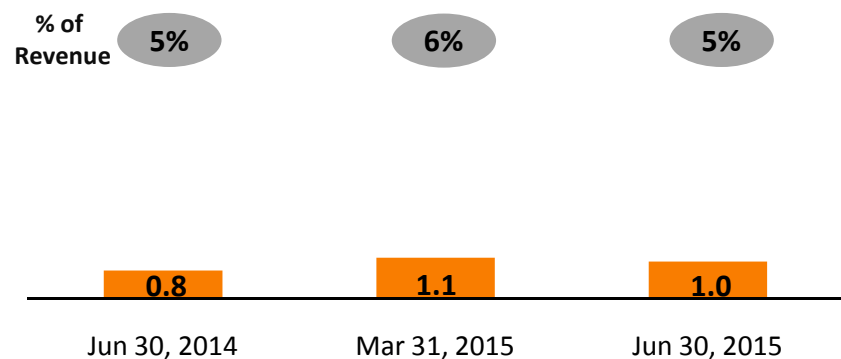
Sales & Marketing Expenses (Pre-SBC)

(RMB Bn)



General & Administrative Expenses (Pre-SBC)

(RMB Bn)



Note: For the three months ended on the respective dates

Free Cash Flow, Capital Expenditures and Cash

Free Cash Flow ⁽¹⁾

(RMB Bn)

% of Revenue

67%

33%

47%

10.6

5.7

9.5

Jun 30, 2014

Mar 31, 2015

Jun 30, 2015

Free Cash Flow

Capital Expenditures

(RMB Bn)

Non-real Estate CAPEX as a % of Revenue

7%

4%

6%

1.3

0.1

1.2

1.5

0.8

0.7

1.8

0.7

1.1

Jun 30, 2014

Mar 31, 2015

Jun 30, 2015

Non-real Estate CAPEX

Acquisitions of Land Use Rights and Construction in Progress

Cash, Cash Equivalents and Short-term Investments

(RMB Bn)

130.7

23.7

107.0

As of Dec 31, 2014

122.3

14.1

108.2

As of Mar 31, 2015

115.3

11.2

104.1

As of Jun 30, 2015

Cash and Cash Equivalents

Short-term Investments

Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business and others.

GAAP to Non-GAAP Reconciliation



RMB MM	For the Three Months Ended		
	Jun 30, 2014	Mar 31, 2015	Jun 30, 2015
Non-GAAP EBITDA			
Income from operations	6,844	2,599	5,161
Add: Share based compensation expense	1,073	4,632	3,995
Add: Amortization of intangible assets	234	643	647
Add: Depreciation and amortization of property and equipment and land use rights	423	709	782
Non-GAAP EBITDA	8,574	8,583	10,585
Non-GAAP net income			
Net income	12,438	2,869	30,816
Add: Share based compensation expense	1,073	4,632	3,995
Add: Amortization of intangible assets	234	643	647
Add: Impairment of goodwill, intangible assets and investments	-	-	60
Add: Gain on deemed disposals /disposals/revaluation of investments	(6,428)	(468)	(26,088)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	-	65	66
Non-GAAP net income	7,317	7,741	9,496
Free cash flow			
Net cash provided by operating activities	10,177	5,767	10,400
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,155)	(700)	(1,130)
Add: Changes in loan receivables, net and others	1,572	598	278
Free cash flow	10,594	5,665	9,548

Strategic Investment Portfolio

		Market Cap (USD bn)	Shareholding	BABA Holding Value (USD Bn)	
Alibaba Pictures ⁽¹⁾		7	49.5% ⁽²⁾	4	
Alibaba Health ⁽¹⁾		7	38% ⁽²⁾	3	
Ant Financial ⁽³⁾		43	33% ⁽³⁾	14	Notional Interest
YoukuTudou ⁽¹⁾		4	17% ⁽⁴⁾	1	
Weibo ⁽¹⁾		3	30% ⁽⁴⁾	1	
Net Cash Balance as of June 30, 2015 ⁽⁵⁾				10	
Total Value				33	

Note:

(1) Alibaba Pictures, Alibaba Health YoukuTudou and Weibo market cap as of Aug 11, 2015 closing pricing.

(2) On primary shareholding basis.

(3) Ant Financial valuation based on estimated valuation of USD 43 billion; Alibaba Group receives 37.5% of Ant's pre-tax income now, and if regulations allow, Alibaba Group is entitled to acquire up to a 33% equity interests in Ant Financial. For conservative purpose, 33% is used in calculating Alibaba Group's economics in Ant Financial here.

(4) On fully diluted shareholding basis.

(5) Net Cash = Cash, cash equivalents, and short term investments – Bank borrowings – Unsecured senior notes.

Lock-up



	Total no. of shares	Lock-up Expiry
Total no. of shares to be un-locked	1,579MM	Sept 19, 2015 (Saturday) First Public Trading Day: Sept 21, 2015 (Monday)
<u>Major components</u>		
Softbank	798MM	
Yahoo	384MM	
Jack Yun MA and Joseph C. TSAI	269MM	

